

ASX Release

Charter Hall Group FY20 Results

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Charter Hall Group (ASX:CHC) today announces its FY20 results for the period ending 30 June 2020. Key financial and operational highlights for the period are:

Financial highlights:

- Operating earnings of \$322.8 million, or OEPS post-tax of 69.3cps, up 46.3% on the prior corresponding period (pcp)
- Statutory profit of \$345.9 million, after tax attributable to stapled securityholders, up 47% on pcp
- Distributions of 35.7cps, up 6% on pcp
- Total Platform Return of 18.8%¹

Operating highlights:

- Access: \$5.1 billion of gross equity raised and \$4.6 billion of net inflows generated
- Deploy: \$8.3 billion of gross transactions
- Manage: \$40.5 billion of FUM at year end, with \$1.3 billion of FUM growth post-balance date to take FUM to \$41.8 billion
- Invest: Property Investments up \$184 million to \$2.0 billion, delivering a 10% return for the year while investing alongside our investor customers

Charter Hall's Managing Director and Group CEO, David Harrison said: "FY20 is Charter Hall's 15th year as a listed company and despite the challenges presented by COVID-19, the Group has delivered another strong year of growth, with FUM up 33% to \$40.5 billion. During the period we successfully launched several new partnerships with investors and new tenant partnership funds with Telstra, BP Australia and post-balance date with Ampol. This success in partnering with our tenant and investor customers has been rewarded with strong equity flows across all equity sources."

"Furthermore, these strong equity flows have translated into continued platform growth. With our ability to source product off-market and through our development pipeline being a key part of the Group's success. For securityholders, this has translated into EPS growth, with FY20 OEPS of 69.3cps, whilst our \$40.5 billion FUM platform drives recurring funds management revenue."

COVID-19

Charter Hall's strategy of investing in Long WALE assets leads to defensive and resilient portfolios. While Charter Hall has not been immune to the effects of COVID-19, the impacts have been limited through this focus on assets with long leases to high quality tenants in predominantly defensive industries. Small to medium enterprises (SMEs) represent 10.2% of tenants across the funds platform.

¹ Total Platform Return is calculated as growth in net tangible assets (NTA) per security plus distributions per security divided by the opening NTA per security

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More broadly, COVID-19 has seen accelerating demand for access to industrial and logistics assets, something we have actively pivoted towards. Flows into Charter Hall Direct funds have averaged \$95 million a month during FY20, while wholesale pooled and partnership funds have also continued to see inflows. Momentum in sale and leaseback transactions continues to grow across corporate Australia and the group is well positioned to take advantage of this opportunity to secure strategically aligned assets and portfolios.

Property Investment

During the year, the Property Investment portfolio increased by 10% to \$2.0 billion and generated a 10.0% Total Property Investment Return².

The earnings resilience and diversification of the Property Investment portfolio continues to remain a key strength, with the top 10 asset exposures representing only 7.4% of earnings and the portfolio 81% weighted towards East Coast markets.

Portfolio occupancy remained strong at 97.6% and the Weighted Average Lease Expiry (WALE) improved to 8.7 years.

Property Funds Management

The Group's managed funds grew by \$10.1 billion to \$40.5 billion driven by \$7.4 billion of net acquisitions (\$8.5 billion gross transactions), positive revaluations of \$1.4 billion and capex spend on developments of \$1.3 billion.

The Group experienced \$5.1 billion of gross equity inflows comprising \$1.3 billion raised in Wholesale Funds, \$1.3 billion in Wholesale Partnerships, \$1.4 billion raised in Listed Funds and \$1.1 billion in Direct Funds.

"Post balance date and taking account of FUM growth year-to-date, the Group platform still enjoys more than \$5.0 billion of investment capacity. This leaves us well positioned to continue growing via our development pipeline as well as taking advantage of strategic opportunities as they arise." Mr Harrison added.

Development activity and pipeline

Development activity continues to drive asset creation and attract capital. Development completions have totalled \$1.7 billion of FUM in the last 12 months. Notwithstanding completions, the \$6.8 billion pipeline continues to be re-stocked.

The Group continues to use its cross-sector tenant relationships and the scale of its portfolio to create development opportunities. This reach and development capability generates significant value through enhancing both income yield and total returns for our funds. Development activity is predominantly undertaken by funds/partnerships with the majority of committed projects being de-risked through pre-leases and fixed price building contracts.

Maintaining a strong balance sheet

Capital management remains a key focus with the Group having net zero balance sheet gearing. The Group maintains financial flexibility and substantial funding capacity across the fund's platform with \$5.0 billion of available liquidity. The reduced payout ratio from FY20 has added substantial retained earnings to support future investment activity.

² Total Property Investment Return is calculated as distributions received from funds plus growth in investment value divided by opening investment value of the PI portfolio. This excludes investments held for less than one year and investments in Direct funds.

Strategy and Outlook

Based on no material change in current market conditions, FUM growth already achieved in FY21 and assuming the COVID-19 operating environment does not deteriorate markedly from here, FY21 guidance is for post-tax operating earnings per security of approximately 51.0 cps.

FY21 distribution per security guidance is for 6% growth over FY20.

Announcement Authorised by the Board

Charter Hall Group (ASX: CHC)

With over 30 years’ experience in property investment and funds management, we’re one of Australia’s leading fully integrated property groups. We use our property expertise to access, deploy, manage and invest equity across our core sectors – office, retail, industrial & logistics and social infrastructure.

Operating with prudence, we’ve carefully curated a \$41.8 billion plus diverse portfolio of over 1100 high quality, long leased properties. Partnership and financial discipline are at the heart of our approach. Acting in the best interest of customers and communities, we combine insight and inventiveness to unlock hidden value. Taking a long term view, our \$6.8 billion development pipeline delivers sustainable, technologically enabled projects for our customers.

The impacts of what we do are far-reaching. From helping businesses succeed by supporting their evolving workplace needs, to providing investors with superior returns for a better retirement, we’re powered by the drive to go further.

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